

NHID E-NEWS

Issue 4
January 2005

COMMENTS FROM THE COMMISSIONER'S OFFICE

GET SMART ABOUT INSURANCE WEEK

According to a recent survey by the National Association of Insurance Commissioners (NAIC), 72 percent of Americans feel they have about the right amount of insurance coverage, but only 33 percent say they understand the details of those policies "very well". The survey also demonstrated that only 20 percent of younger adults (ages 18 to 24) are likely to understand the details of their insurance coverage.



*"Get Smart Week is
about making sure your
family is properly
covered"*

For this reason the NH Insurance Department, in conjunction with the National Association of Insurance Commissioners, is encouraging consumers to get smart about their coverage during the fourth annual Get Smart About Insurance Week, January 24–28, 2005.

Get Smart Week is about making sure your family is properly covered. We believe that the NH Insurance Department is the best resource for insurance related questions and concerns. Get Smart Week is the perfect opportunity for us to connect with consumers and encourage them to review their coverage.

There are several steps consumers can take to get smart about their insurance coverage:

- Call the Insurance Department or visit our web site at www.nh.gov/insurance for free informational brochures on a wide variety of insurance topics prior to purchasing health, life, auto, home or other insurance coverage.

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COMMISSIONER'S COMMENTS CONT.

NH's insurance laws and regulations can also be found on our web site, and the site will soon include homeowner's and auto premium comparisons to facilitate the insurance shopping process.

- Schedule a routine annual "check-up" with your agent or insurance carrier to review your policies and to look for areas of too much or too little coverage. In general, you should review your coverage every 12 months or whenever there's a major change in your life (new car, new home, birth, etc.). At every insurance check-up, don't be afraid to ask a lot of questions, and be sure to take good notes. The amount of insurance you need will vary based on your circumstances.
- Inquire about the pros and cons of opting for higher deductibles (which can generally mean a lower premium), and ask specifically about discounts for good driving records, good health, good grades, special education or training. Other discounts can include:
- Multiple policy– Some insurers offer discounts of 5 to 15 percent if you have two or more policies with them. For instance, if you already have a homeowner's policy with an insurer, find out if the insurer will discount an auto policy.
- Long-time policy– If you've had coverage through an insurer for a number of years, ask about a reduced premium.
- Shop around for identical products and services. Not every company charges the same rate. Consider researching at least three companies for the best coverage at the best price.
- Insurance applications and policies are legal documents. Read the policy application thoroughly before signing it, and never sign a blank form. Read your policy carefully so you will know in advance what agreement you've entered into with the company and what the rules are governing your coverage.
- Provide accurate and complete information on an insurance application to avoid problems later. Premium quotations are based on the information you provide, and your policy could be declared void if information is misrepresented. Errors and omissions can lead to higher premiums or coverage terminations.



PROPERTY AND CASUALTY RATING LAW-ONE YEAR OLD

As mentioned in the October issue of NHID E-News, on January 1, 2004, an amended RSA 412 replaced RSA 412, 413 and 414, thereby changing the means by which the NHID regulates Property and Casualty rates. Its provisions enable companies to implement revised rates before notifying the Department, to change rates as often as they feel necessary, all without significant constraints as to the overall amount of change. These changes were applicable to all property and casualty lines of business, except for Workers' Compensation, which retained its prior approval status. After one year of experience with the new law, we have observed the following:

There does not appear to be any significant difference in the total number of rate filings submitted – 2004 vs. earlier years. Counts are up somewhat, but there is little to suggest it is because of the law change.

“Its provisions enable companies to implement revised rates before notifying the Department, to change rates as often as they feel necessary”

- There have been some instances where companies have revised rates twice during 2004, or filed changes in 2004 that were less than 12 months after a 2003 change.
- Filings for rate decreases are being made, thus reversing what we have observed during 2002 and 2003. It also appears that for filings with rate increases, the amounts of change are at lower levels than compared to recent years. Some of this is likely due to the softening of the market, but we believe this also is a result of the 1/1/04 rating law.
- There have been several instances where companies have filed downward “price corrections” on newly developed and marketed programs within a few months after introduction. Again this is something that did not occur in 2002 and 2003.
- Companies are submitting filings to the department within the time frames outlined in RSA 412; however, few have yet to take advantage of the use-and-file provisions applicable to commercial lines.
- Very few rate filings are requiring subsequent correspondence between NHID staff and company filers – significantly less than in prior years.

Effective 7/1/04, RSA 412 was modified slightly and additional changes have been submitted for consideration during the upcoming legislative session. Most of the non-editorial changes serve to either add clarification or to offer enhancements, which should further support a competitive insurance marketplace.

NAIC COMPACT UPDATE

The NAIC's Regulatory Modernization Action Plan, adopted by the NAIC membership in September 2003, is a commitment by state regulators to continue modernizing the state-based system of insurance regulation. One facet of the plan is implementation of an interstate compact ("Compact") that will allow states to cooperate on multi-state and national issues while retaining state control. The Compact is an agreement

among member states to use a streamlined system of product regulation over four product lines: life insurance, annuities, disability income and long-term care insurance.

The Compact will create a multi-state commission to receive, review and quickly make regulatory decisions on insurance product filings according to national uniform standards. The new system will allow insurers swift

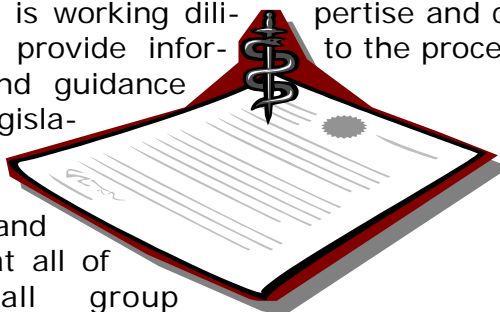
national marketability and elimination of variations of the same product that a company must produce to meet state specific product standards. Compact standards have been adopted for numerous individual products.

More information and complete national uniform standards are available through the NAIC web site at www.naic.org.

SMALL GROUP MARKET REFORMS

One of this year's legislative hot topics is small group health insurance reform. Several bills have been introduced in the 2005 Session that are designed to improve the performance of the small group market. Discussions are underway among the sponsors of these bills to determine whether there might

be a consensus solution. The NHID is working diligently to provide information and guidance to the Legislature in these efforts, and hopes that all of the small group health insurance carriers in the State will offer their expertise and constructive ideas to the process.



SPEAKING OF INSURANCE !

Engagements to catch.....



Commissioner Sevigny will address the Portsmouth Chamber of Commerce at their upcoming breakfast meeting on Friday, March 4, 2005 at 8:00 a.m.

N.H. PARTICIPATES IN NEW MARKET CONDUCT ANALYSES

Recently, our Market Conduct Division adopted new methods for collecting and analyzing data and information regarding the conduct of insurance companies and producers in the marketplace. New Hampshire is one of 13 states participating in the NAIC sponsored Market Conduct Annual Statement project. The project is designed to develop an annual reporting process for company market data that is used by all of the states to help them identify market issues that might otherwise go undetected. During late 2004, as part of the

new process, the Division performed formal analyses of all of the major insurers in New Hampshire writing the lines of personal auto, homeowners, individual health, group health, individual life and annuities, to identify those companies that exhibited potential market issue indicators. These analyses were conducted in concert with other states in which those companies are licensed so that the shared information could facilitate coordinated collaborative regulatory responses. Currently, New Hampshire is participating in several other collaborative market conduct

actions, including a multi-state examination of how companies protect the nonpublic personal information of their consumers, a multi-state examination of a major health insurance carrier, an inquiry of another major health carrier concerning the proper training of its producers and an inquiry into the rate making practices of a workers' compensation statistical agent.



DEPARTMENT INVESTIGATES PRODUCER COMPENSATION

Since the news broke highlighting New York Attorney General Elliot Spitzer's allegations against producer/brokers and insurers, the New Hampshire Insurance Department has been participating in a national collaborative effort to assess current producer/broker compensation arrangements and the extent to which those arrangements might be considered improper business practices affecting local consumers.

To examine the impact of such activities in New Hampshire, the Department sent a formal letter of inquiry on producer/broker compensation arrangements to domestic insurers and randomly selected producer/brokers on December 2, 2004. The inquiry letter follows a template developed by the National Association of Insurance Commissioners (NAIC), who will gather summary data from all the states.

The Department is also actively working with the NAIC on the draft of an amendment to the NAIC's Producer Licensing Model Act that will require disclosure of compensation sources to the customer. And, the Department will also join the efforts of the NAIC to set up a new on-line fraud reporting system for consumers to report instances where they suspect improper sales practices.



The nature of the allegations raised by New York and others is of foremost concern to the Department. The New Hampshire Insurance Department will do what it believes is in the best interest of the state and its consumers to ensure that a competitive and fair marketplace exists in the state.

2005 LEGISLATIVE PROPOSALS

Please watch for the April 2005 issue of NHID E-News for a status report on the Department's legislation in the 2005 Session.

RULEMAKING - WINTER 2004

The current status of NHID rulemaking proceedings are shown below. For additional information refer to the NHID web site: www.nh.gov/insurance

Ins 308 Life and Health Reinsurance Agreements

Adopted 12/21/04; Effective 01/03/05

Ins 600 Credit for Reinsurance

Adopted 12/21/04; Effective 01/03/05

Ins 1400 Automobile Insurance (sections)

Adopted 12/21/04; Effective 01/03/05

Ins 2500 Home Warranty Associations

Public Hearing Held 12/01/04; JLCAR action anticipated for 01/21/05

Ins 4000 Uniform Reporting System for Health Care Claims Data Sets

JLCAR action on NHID Preliminary Objection Response anticipated for 01/21/05



ENFORCEMENT—PRODUCER ACTIONS

Re: Calvin J. Barlocker and Barlocker Insurance Agency Inc.

Consent Order and Agreement
Docket No. INS NO. 04-047-EP
Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.
Order and Agreement:
November 18, 2004
Penalty: \$250.00

Re: Umberto D. Mazzone

Consent Order and Agreement
Docket No. INS NO. 04-038-EP
Misappropriation of claim funds.
Order and Agreement:
November 24, 2004
Penalty: Adjuster

license surrendered with prejudice. Cannot apply for license for four years.

Re: Stacy M. Swift

Consent Order and Agreement
Docket No. INS NO. 04-051-EP
Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.
Order and Agreement:
December 10, 2004
Penalty: \$1000.00

Re: Jacqueline S. Ugarte

Consent Order and Agreement
Docket No. INS No. 04-033-EP
Failure to report an administrative action taken by another jurisdiction within 15 days of

the final disposition.
Order and Agreement:
October 14, 2004
Penalty: \$250.00

Re: Steven M. Wexler

Consent Order and Agreement
Docket No. INS NO. 04-046-EP
Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.
Order and Agreement:
November 2, 2004
Penalty: \$500.00

ENFORCEMENT—COMPANY ACTIONS

Re: Senior Citizens Mutual Insurance Company

NAIC: 44172

INS NO. 04-042-EP

Failure to file and pay premium taxes for 2002 and 2003 calendar years.

Certificate of Authority revoked effective November 17, 2004.

LICENSE DENIALS

Matthew Ceccucci

Denial of Adjuster license due to criminal record/history. August 18, 2004

2004 COMPANY INFORMATION

The following is a compendium of company changes.

COMPANY NAME CHANGES:

<u>OLD NAME</u>	<u>NEW NAME</u>	<u>EFFECTIVE DATE</u>
The Equitable of Colorado, Inc	AXA Life & Annuity Co	09/07/04
Cigna Life Insurance Company	Prudential Retirement Ins. & Annuity Co	04/20/04
Ranger Insurance Company	Fairmont Specialty Ins. Company	08/24/04

NEWLY LICENSED COMPANIES:

<u>COMPANY NAME</u>	<u>TYPE OF LICENSE</u>	<u>EFFECTIVE DATE</u>
XL Insurance America, Inc	Property & Casualty	10/18/04
Interinsurance Exchange of the Automobile Club	Property & Casualty	11/29/04
Fidelity National Insurance Co.	Property & Casualty	12/09/04

CANCELLED LICENSES:

<u>COMPANY NAME</u>	<u>TYPE OF LICENSE</u>	<u>EFFECTIVE DATE</u>
Transamerica Assurance Company		10/01/04
Senior Citizens Mutual Insurance Company		11/17/04
Southland Life Insurance Company		10/01/04
Fidelity National Title Insurance Company of NY		07/31/04

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2004 COMPANY INFORMATION

Cont.

AMMENDED LICENSES:

<u>COMPANY NAME</u>	<u>LINE OF BUSINESS ADDED</u>	<u>EFFECTIVE DATE</u>
Prudential Retirement Ins. & Annuity Co	Removed restriction of servicing existing business only.	11/05/04

COMPANY MERGERS:

<u>OLD NAME</u>	<u>WITH AND INTO</u>	<u>EFFECTIVE DATE</u>
Fidelity National Title Ins. Co. of NY	Fidelity National Title Ins. Co.	07/31/04
Transamerica Assurance Company	Transamerica Life Insurance Co.	10/01/04
Southland Life Insurance Company	Security Life of Denver Insurance Co.	10/01/04

REHABILITATIONS AND LIQUIDATIONS:

The Liquidation of The Home Insurance Company is on-going. For more information please see the Liquidation Clerk's Office web site at www.hicilclerk.org



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